

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	<input type="checkbox"/>	DATE	<u>December 18, 2019</u>
MOTOR CARRIER MATTER	<input type="checkbox"/>	DOCKET NO.	<u>2019-262-E</u>
UTILITIES MATTER	<input checked="" type="checkbox"/>	ORDER NO.	<u>2019-875</u>

THIS DIRECTIVE SHALL SERVE AS THE COMMISSION'S ORDER ON THIS ISSUE.

SUBJECT:

[DOCKET NO. 2019-262-E](#) - Application of Duke Energy Progress, LLC for Approval of Rider DSM/EE-11, Decreasing Residential Rates and Increasing Non-Residential Rates - Staff Presents for Commission Consideration Duke Energy Progress, LLC's Request for Approval of Rider DSM/EE-11, Decreasing Residential Rates and Increasing Non-Residential Rates.

COMMISSION ACTION:

On September 24, 2019, Duke Energy Progress filed an amended application seeking approval of Rider 11 to its demand side management and energy efficiency programs. The Company is seeking recovery of \$25,986,394 with \$15,351,340 (or 59%) attributed to residential customers and \$10,635,054 (or 41%) attributed to non-residential customers. These amounts result in a monthly residential DSM/EE rate of 0.671 cents/kWh for residential customers and 0.722 cents/kWh for general service customers. The average change for a residential customer using 1,000 kWh per month will be a monthly decrease by approximately \$3.78.

On November 8, 2019, the Office of Regulatory Staff filed a review report. In its Report, ORS finds that the programs continue to perform well. Realized cumulative energy savings have exceeded the anticipated energy savings by fifty-seven percent (57%).

However, based on its review, ORS recommends a reduction of \$592.05 to South Carolina program costs due to insufficient supporting documentation, and a reduction of \$20,688.56 to remove the portion of Long-Term Incentives and Short-Term Incentives for all employees allocated to South Carolina program costs for the Company's Earnings per Share ("EPS") and Total Shareholder Return ("TSR") goals.

I move that we accept the undisputed \$592.05 adjustment and require that the Company make adjusting journal entries prior to their next annual filing. However, for purposes of cost recovery in this proceeding, I move we reject the proposed reduction of \$20,688.56. This ruling is consistent with how the Commission dealt with employee incentives in DEP's last rate case that occurred in Docket No. 2019-318-E. Nevertheless, I also move that we reserve the right to address employee incentives related to demand side management and energy efficiency programs in a future proceeding.

In addition to the comments and recommendations by ORS, Intervenor NAACP, the Southern Alliance for Clean Energy and the Coastal Conservation League state that they support Duke's application, but make the following additional recommendations, among others, that the utility should:

- Make greater efforts to achieve the 1% annual savings target of prior year retail sales

that was agreed to in the merger settlement of Docket Nos. 2011-68-E and 2011-158-E;

- Further engage with the Collaborative during the development of new programs and modification of existing programs in a timely, structured manner that permits the stakeholders to provide meaningful recommendations;
- Continue collaborative working group discussions about low-income, multifamily, and manufactured housing with the goal of increasing program budgets and offerings that reach low-income customers;
- Recognize non-energy benefits, such as fewer disconnections and arrearages on utility bills, environmental benefits, and improved safety and comfort; and
- Refine cost-effectiveness testing.

Based on the information presented in Duke's Amended Application and the ORS report I move that we approve Rider 11 to its demand side management and energy efficiency programs. I also move that the Company make adjusting journal entries prior to their next annual filing regarding the \$592.05 reduction.

Last, I recommend that we strongly encourage the Company to consider the intervening parties' Comments in this docket as it evaluates and implements these programs.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u> Sick Leave
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u> Military Leave

(SEAL)

RECORDED BY: J. Schmieding

